

KEPPEL OPP'N EXH. 51

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x

4 EIG ENERGY FUND XIV, L.P.,
5 EIG ENERGY FUND XIV-A, L.P.,
6 EIG ENERGY FUND XIV-B, L.P.,
7 EIG ENERGY FUND XIV (CAYMAN), L.P.,
8 EIG ENERGY FUND XV, L.P.,
9 EIG ENERGY FUND XV-A, L.P.,
10 EIG ENERGY FUND XV-B, L.P., AND
11 EIG ENERGY FUND XV (CAYMAN), L.P.,

12 Plaintiffs,

13 Vs. Case No. 18-cv-01047 (PGG)

14 KEPPEL OFFSHORE & MARINE LTD.,

15 Defendant.

16 -----x

17 "CONFIDENTIAL"

18 VIDEOTAPE DEPOSITION OF

19 KURT TALBOT

20 VIA ZOOM VIDEOCONFERENCE

21 June 17, 2021

22 10:00 a.m.

23 Reported by:

24 Maureen Ratto, RPR, CCR

25 Job No. 4628202

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2 deal. That was the only other transaction
3 I had personally done in Brazil, and it
4 was partially in Brazil.

5 Q. And when you said a few
6 moments ago that Brazil seemed to be
7 coming on, a major country coming on the
8 world stage, what do you mean by that?

9 A. It had growing GDP, it was
10 hosting the Olympics, it was hosting the
11 World Cup, had this major new discovery.
12 So, you know, as you look for global
13 markets it seemed like a pretty good
14 place to look. Lots was going on there.

15 Q. Do you recall any analyses or
16 discussions about the political culture
17 in Brazil?

18 A. I know there was discussion --

19 MS. PAK: Object to form.

20 Q. Sorry. Mr. Talbot, do you
21 mind repeating your answer?

22 MS. PAK: Maybe you can
23 clarify what time period you're
24 referring to, David?

25 MR. KUMAGAI: Sure.

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2 Q. Mr. Talbot, do you recall any
3 analyses or discussions about the
4 political culture in Brazil prior to
5 EIG's investments in Brazil?

6 A. I recall discussions. I don't
7 recall specific -- the specifics of those
8 discussions.

9 Q. What, if anything, do you
10 recall about those discussions?

11 A. I really don't. You know,
12 Kevin Corrigan spent high school in
13 Brazil, he's fluent in Portuguese, he
14 lived in Sao Paulo for -- you know, that
15 was kind of where he considered home and
16 had moved down to Rio. I'm not sure if he
17 was in Rio or not yet then but -- you
18 know, so discussed a lot about Brazil
19 with Kevin, who's lived there and fluent
20 and was pretty plugged in.

21 Q. Do you recall the subject of
22 any of those discussions with
23 Mr. Corrigan?

24 A. I don't.

25 Q. But I understand -- is what

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2 you're saying he was the source of
3 information about Brazil at EIG; is that
4 fair?

5 MS. PAK: Objection to form.

6 A. Yeah. No, he was not the
7 source, necessarily. But, you know, he
8 certainly read the local papers and, you
9 know, he knew -- you know, he knew who
10 people were and the reputations of
11 countries -- companies and that thing, so
12 for sure.

13 Q. Aside from Mr. Corrigan, was
14 there anyone else at EIG who you or
15 people went to for information about
16 Brazil?

17 A. You know, prior to Investment
18 Committee they were required to do the
19 background checks and I forget what the
20 name of the systems we used, but that was
21 also routine.

22 Q. Can you speak Portuguese at
23 all?

24 A. No.

25 Q. And during the time of the

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2 discussions around Sete Brasil could you
3 ever speak or read Portuguese at all?

4 A. No.

5 Q. Apart from Mr. Corrigan do you
6 recall if anyone else at EIG during that
7 time could speak or read Portuguese?

8 A. I don't know of the specific
9 employment times, but it was probably
10 later when we had additional Portuguese
11 speakers, probably 2014 or '15 would be
12 my -- would be a better time guess, not
13 in 2011.

14 Q. Are there any additional steps
15 or requirements that -- strike that.

16 How did the process differ, if
17 at all, when EIG was investing in
18 countries that were non-English speaking
19 countries?

20 MS. PAK: Objection to form.

21 A. I mean, it didn't in --
22 candidly in most every place in the world
23 business is conducted in English, and
24 certainly energy. So as a practical
25 matter, most of it was conducted in

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2 English. But to the extent documents
3 needed to be -- you know, we'd always get
4 local counsel that spoke the local
5 language. But other than that, maybe the
6 choice of counsel or additional counsel,
7 you'd have your regular counsel plus your
8 local counsel, local laws and language,
9 there was really no difference, you know.

10 Q. Did you review any specific
11 documents in connection with EIG's
12 analysis of the Sete investment
13 opportunity?

14 MS. PAK: Objection to form.

15 A. I certainly reviewed the
16 investment rec and in 2011 I probably
17 would have reviewed drafts and commented,
18 you know, more for style and, you know,
19 editing type things and then those --
20 that would be the analysis, you know,
21 drafts and what ends up in the final
22 version of it, yes, I would have assumed
23 I saw those.

24 Q. Just to be clear, by "those",
25 you mean drafts of the investment

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2 recommendations?

3 A. Yes, underlying models,
4 economic models.

5 Q. Do you recall whether you
6 personally had access to the -- to any
7 data room that was set up for Sete?

8 A. I may have had access but I do
9 not believe I ever accessed the data room
10 for Sete.

11 Q. Did you review any offering
12 documents or marketing materials in
13 connection with EIG's analysis of the
14 Sete investment opportunity?

15 A. I don't recall specifically
16 doing so, but more likely than not I
17 would have.

18 Q. And what makes you say that
19 it's more likely than not that you would
20 have?

21 A. It's a deal we proceeded with
22 and so early elevation and stuff always
23 to see what do we have behind this,
24 what's -- what do we have. So likely, I
25 would ask for, you know, more

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2 know, you couldn't always do that but...

3 Q. And what did you mean by
4 "uncertain exit"?

5 A. Unlike a loan that has a
6 maturity date or any security that has a
7 maturity date, there is no maturity date
8 and it's kind of uncertain how this
9 equity would be realized. Just what
10 common equity is, right, private common
11 equity is.

12 Q. What do you mean by that?

13 A. Private common equity has no
14 ready exchange, so it can't easily be
15 converted to cash.

16 Q. And in this case of Sete, what
17 assurances did EIG have that the
18 investment would be converted to cash at
19 some point?

20 A. It was a belief on the
21 fundamentals of the deepwater
22 development, you know, massive reserves
23 controlled by Petrobras. The State was
24 backing, you know, creating State
25 champions to localize as much as

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2 possible, that's what Sete was,
3 ultimately the biggest company in South
4 America going to take all the product you
5 can deliver, they're going to take on
6 term contracts. And those were in
7 dollars, I believe, I'm pretty sure. So
8 that was pretty compelling.

9 Q. Was there a guarantee that EIG
10 would be able to cash out at some point?

11 A. I never saw the final
12 documents. I don't recall that being an
13 option. So I can't really -- I don't
14 know the answer to that.

15 Q. And can you describe the
16 sentiment that you are -- strike that.

17 Can you describe the point
18 that you're trying to make in this email
19 to Mr. Thomas in February 1st, 2014?

20 MS. PAK: Objection to form.

21 A. The point is portfolio
22 construction and just looking at
23 balancing yield in the fund. You know,
24 how does this investment fit into the
25 entire portfolio? That's what this is

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2 about.

3 Blair and I -- you know, Blair
4 and I were partners and we had, you know,
5 lively discussions every day about
6 everything. So, you know, but we
7 communicate, there was never any
8 misunderstandings. We did well.

9 So this is basically an
10 argument. We'd made an investment that
11 is currently not performing, we really
12 don't need additional exposure to it, you
13 know, I don't really see how it helps our
14 portfolio doing that. That's what this --
15 that's what this memo says.

16 Q. And you were describing
17 earlier the significance of Petrobras'
18 involvement.

19 Do you recall what guarantees,
20 if any, there were that Petrobras would
21 not walkaway from the project?

22 A. I don't recall Petrobras
23 giving any such guarantees. I don't know
24 if they did or didn't.

25 Q. Is it fair to describe Sete as

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2 a securitization vehicle of Petrobras?

3 MS. PAK: Objection to form.

4 A. I think functionally I would
5 think of it as something akin to that.
6 You know, legally I don't know exactly
7 what all those terms would mean from a
8 legal standpoint.

9 So but functionally they were
10 -- they needed to build drillships and
11 they came up with a credit enhanced way
12 of doing it because, otherwise, it would
13 have been tough to do.

14 Q. Was it common, was that type
15 of structure common, in your experience?

16 MS. PAK: Objection to form.

17 A. People do all kind of
18 structures so -- and within a broad -- a
19 broad definition. I didn't see it -- it
20 seemed to be similar to other type
21 transaction I'd seen.

22 Q. Are you familiar with CDOs or
23 collateralized debt obligation?

24 A. In a broad sense I am.

25 Q. Can you describe your

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2 understanding of CDOs?

3 A. You take a series of
4 securities, typically bonds or mortgages,
5 you can package them, bundle them up
6 together and reslice the cash flows and
7 create different risk levels of security
8 and the lower the risk, the lower the
9 yield.

10 Q. And would you describe the
11 Sete structure as comparable in any way
12 to the way CDOs are structured?

13 A. I don't remember the Sete
14 structure in any kind of detail to make
15 that comparison.

16 Q. Going back to the currency
17 issue, was EIG -- strike that.

18 You testified earlier that EIG
19 was not bringing in cash yet from its
20 Sete investments as of the date of that
21 email in February 2014; is that a fair
22 summary?

23 A. Yes.

24 Q. So why would the declining or
25 changes in the exchange rate impact EIG's

C E R T I F I C A T E

I, MAUREEN M. RATTO, a
Registered Professional Reporter, do
hereby certify that prior to the
commencement of the examination, KURT
TALBOT was sworn by me to testify the
truth, the whole truth and nothing but
the truth.

I DO FURTHER CERTIFY that the
foregoing is a true and accurate
transcript of the proceedings as taken
stenographically by and before me at
the time, place and on the date
hereinbefore set forth.

I DO FURTHER CERTIFY that I am
neither a relative nor employee nor
attorney nor counsel of any of the
parties to this action, and that I am
neither a relative nor employee of such
attorney or counsel, and that I am not
financially interested in this action.



MAUREEN M. RATTO, RPR

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